

Kmart Opens Two New Stores in Area

Seven Local K marts Ready to Serve You

The Knoxville area's sixth and seventh K mart discount department stores open to the public at 10:00 a.m., Thursday November 10.

One new store is located on the Asheville Highway near I-40, and the other is located on S. Illinois Avenue in Oak Ridge.

Each of the new stores have 71,657 square feet of floor space, and provide employment for approximately 200 local residents. Additional employees will be added to the K mart staff during peak seasonal periods.

The two new K marts will bring the number of K marts operating in Tennessee to 32 as the K mart Corporation continues its programmed expansion of its stores in the state. There are now 1,338 K marts in the United States, Puerto Rico, Canada and Australia. K mart will open 160 K marts during 1977. Counting the affiliated Kresge and Jupiter stores, the K mart Corporation operates a total of more than 1700 stores and has its headquarters in Troy, Michigan.

K mart employees, over 125,000 in the U.S., are among those with the longest employment tenure in retailing. Over 2,800 have been with the company for 25 years or more. Many thousands more are enjoying pensions offered to all employees.

An additional note of interest is that all employees, after one year of serv-

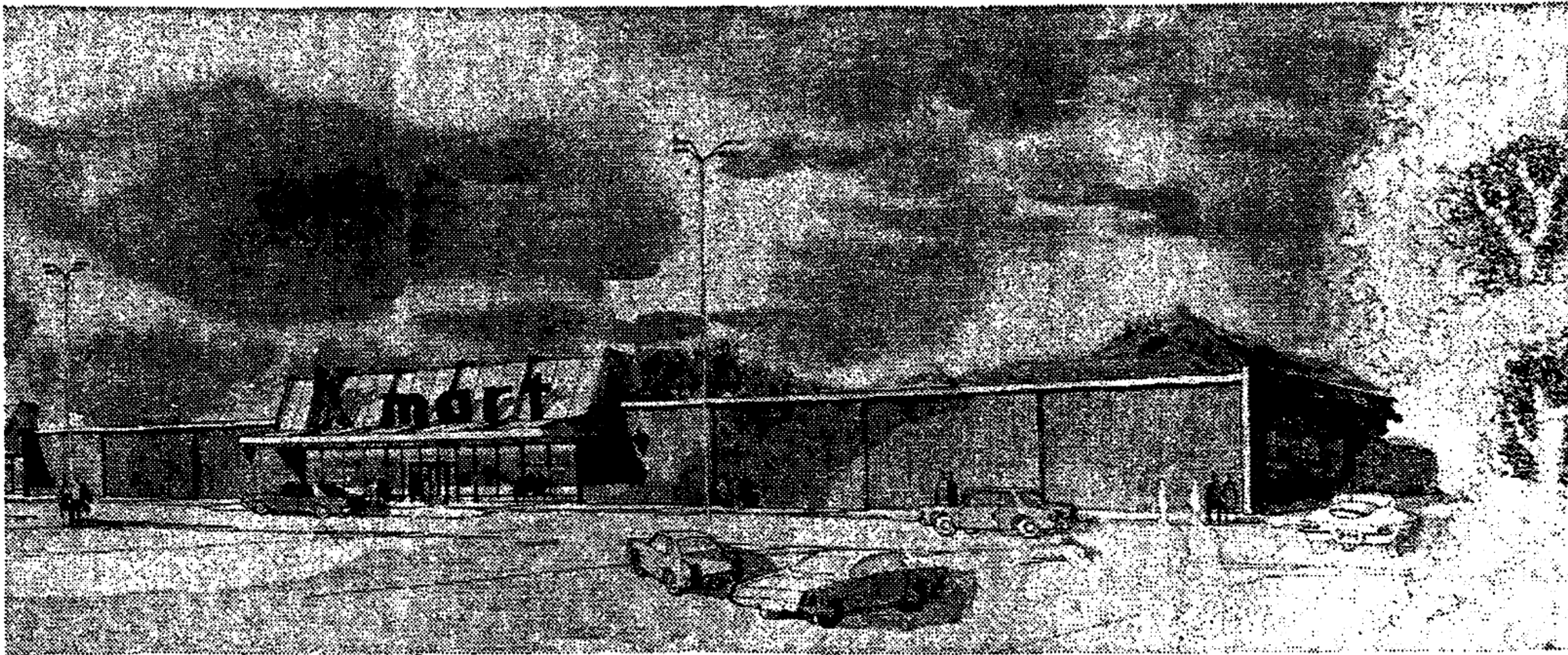
ice, are entitled to enroll in the K mart stock purchase plan.

The new K marts, selling nationally advertised products and backing all sales with a "satisfaction always" policy, will be discount department stores in their pricing policies.

Following are highlights of the merchandise the department stores will carry: appliances; building tools; floor coverings; draperies; yard goods and sewing materials; women's fashions; men's, boys', girls' and infants' clothing; bedding; jewelry; camera supplies; books and records; pet supplies, and health and beauty aids. The K marts will have complete automotive centers with auto music sections featuring stereo tape players and tapes. The stores will also feature sporting goods departments, building materials departments and pharmacies.

Staffs made up of entirely local people will assure that the K marts are alert to all the needs of their new customers.

The first K mart opened in a suburb of Detroit in 1962. Company management conceived K mart as a store selling top-quality merchandise at a small profit to induce high volume. This concept brought immediate and overwhelming acceptance resulting in the world's fastest growing mass merchandising chain.



Two New Kmart Stores

Keeping pace with the rapid growth and progress of East Tennessee, K mart has opened two new discount department stores here, making a total of seven now in the Knoxville area. One new store

is located on Asheville Highway near I-40, and the other store is on S. Illinois Avenue in Oak Ridge. Store hours will be 9:30 a.m. to 9:30 p.m. daily and 12 noon to 6 p.m. on Sundays.

K mart Concept Was Initiated in 1962

K mart Corporation management, led by Harry B. Cunningham, who rose from store manager to chairman of the board, gambled \$80,000,000 on its beliefs about the modern shopper when K mart was initiated in 1962.

The corporation, formerly known as the S. S. Kresge Company, was founded in 1899. By 1912, the firm was operating the second largest group of variety stores in the world. For nearly half a century, it was one of the most successful retail businesses. But retailing in America was changing. Management was well aware of this when it assigned Cunningham the job of spending two years, 1957 and 1958, as general vice president studying consumer needs for the future and investigating all current methods of retailing.

When he became president in 1959, Cunningham and his management team started laying the groundwork for the corporation's entry into a new field of retailing — discount department stores — an unproven business that was not highly regarded by most observers of general merchandise retailing.

But, management reasoned, its approach would be different. "Discounting will succeed," it said, "if someone does it with top quality merchandise, real discount prices and eliminates the shopper's risk with a 'satisfaction always' policy."

These conditions — quality, price and satisfaction — had been the corporation's policies since 1899. Management simply proposed that its new type of store — K mart — would continue this tradition.

A vital element in management's strategy was the complete involvement of its entire organization in the new venture. Management was confident that the long-range future of the corporation depended on total commitment to K mart, and key executive decisions reflected that assurance.

The first step involved a restructuring of the executive organization with top priority given to a stepped-up recruiting and training program at the store level.

A senior vice president, C. Lloyd Yohe, was appointed to head up the development of the K mart concept with understanding throughout the corporation that every department would be expected to participate.

The real estate department's initial assignment was the acquisition of 60 K mart sites. When the first K mart was opened on March 1, 1962, there were

firm commitments for 32 others involving a financial obligation totaling over \$80 million.

Shortly after the first stores opened, it became obvious that management's concept was viable. Public acceptance was overwhelming.

The real estate department was then instructed to bring in sufficient deals to assure a minimum of 50 new K marts each year through the decade ahead.

Although each K mart attempts to meet the specific needs of its community, all K marts have one thing in common — they adhere to management's insight about the modern shopper.

"Today's consumers are more knowledgeable about necessities, but they also have greater expectations about obtaining the nice things in life," management said. "They believe they are entitled to not only what they need but to those things that will give them greater pleasure. They want hobby items, sporting goods, color televisions, swimming pools, health and beauty preparations."

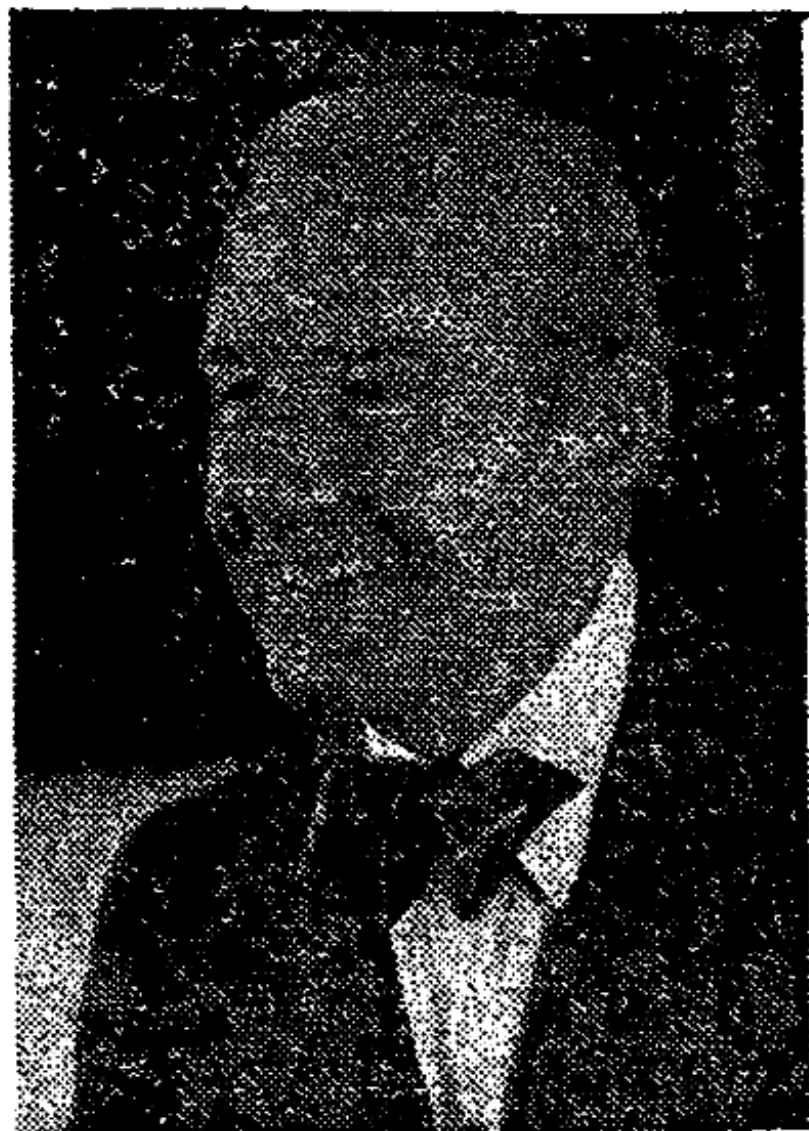
"But they are also under severe economic pressure due to continuous and increasing inflation. K mart's discount prices on quality merchandise make it possible for them to buy necessities and discretionary items while keeping a savings program in their budget."

Management's study of modern retailing also showed that most customers were willing to wait on themselves. In fact, grocery supermarket shopping had conditioned them to prefer self-service. However, personal service is available to those K mart shoppers who need it.

Management was convinced that the economies of self-service and concentration on exceptionally rapid merchandise investment turnover, rather than percentage of profit on each transaction, would enable its experienced organization to develop K mart as a most efficient major retailing operation in the free world.

Time has proven management's appraisal of consumer wants and the organization correct. Over 1,300 K mart discount department stores are now in operation in the United States, Puerto Rico, Canada and Australia. In excess of 160 K marts will be built in 1977.

Cunningham, who spearheaded the development of K mart, retired as chairman and chief executive officer of the corporation in April 1972.



Dewar

Dewar Heads K mart Board

Robert E. Dewar is chairman and chief executive officer of the K mart Corporation. He was elected to the chairmanship on April 1, 1972.

After receiving his LL.B. degree from Wayne State University Law School and practicing for a brief period with a Detroit law firm, Dewar joined K mart legal department in 1949. He was appointed assistant to Harry B. Cunningham then president, in 1960.

For three years Dewar helped develop the mart concept and worked closely with Cunningham in launching the K mart discount department store program.

He was named assistant vice president finance in 1963, financial vice president in 1966 and was elected a member of the Board of Directors in 1967. Dewar was elevated to executive vice president for administration and finance in 1968. He was elected president and chief administrative officer in 1970.

Dewar is also a director on the boards of five K mart Corporation subsidiaries — K mart Corporation Limited (Toronto, Ontario, Canada), K mart Apparel Corp. (North Bergen, New Jersey), K mart Enterprises, Inc. (Royal Oak, Mich.), K mart (Australia) Limited (Melbourne, Victoria, Australia) and Planned Marketing Associates, Inc. (Dallas, Texas).

Dewar is state chairman — Michigan U. S. Savings Bond Campaign; vice chairman — New Detroit Committee; chairman — Goal and Allocations Committee, United Foundation, and a director of Detroit Renaissance and the Detroit Symphony.

Dewar is a native of Traverse City, Mich.



Wardlow

Wardlow Chief of Operations

Ervin E. Wardlow is president and chief operating officer of the K mart Corporation. A native of Fillmore, Mo., Wardlow joined the corporation's management-training program in 1939, starting as a stockboy in a Kresge store in Kansas City, Mo.

From 1939 to 1942 he served in four stores in Chicago and Kansas City. After military service, he returned to management training in 1945 in Evanston, Ill. He received his first managerial post in 1951 in Oak Park, Ill. He managed two other Kresge units in the Midwest before being made a district manager in 1955.

Wardlow was promoted to the post of assistant sales director at the company's headquarters in Detroit in 1958. He was made sales director in 1961 when he was just 40 years old. He had been with K mart for 20 years. His responsibilities were enlarged in 1964 when his title became sales director and general merchandise manager. He was elected vice president, sales in 1968. Wardlow was elected a director and elevated to executive vice president for merchandising in 1970. He was elected to his present position in April, 1972.

When Wardlow joined K mart's executive ranks in 1961 as sales director, company sales were \$433 million and the company had 777 Kresge variety stores. At the close of fiscal 1976 K mart was operating 1,646 K mart, Kresge and Jupiter stores in the United States, Puerto Rico, Canada and Australia and sales were \$8.4 billion.



Teninga

Teninga Chief Of Finances

Walter H. Teninga is vice chairman of the Kmart Corporation and the firm's chief financial and development officer.

Teninga joined Kmart's executive corps in 1962 as assistant regional manager of the firm's Western Region. Previously he had spent six years in the company's real estate department including two years as manager of K mart's West Coast real estate office. He was instrumental in the initial development, expansion and promotion of K mart's Western Region stores.

In 1963, Teninga was promoted to manager of the Western Region and served in that capacity until 1968 when he was appointed director of corporate growth. He was elected vice president, corporate growth in 1968. Teninga was elected a member of K mart's Board of Directors in June, 1970, and an executive vice president in February, 1971. He was elevated to vice chairman in April, 1972.

Teninga is also on the Board of Directors of five K mart Corporation subsidiaries — K mart Corporation Limited (Toronto, Canada), K mart Apparel Corp. (North Bergen, New Jersey), K mart Enterprises, Inc. (Royal Oak, Mich.), K mart (Australia) Limited, (Melbourne, Victoria, Australia) and Planned Marketing Associates, Inc. (Dallas, Texas). He was closely involved in the creation and development of the Australia subsidiary.

He is a director of the Boys' Club of Metropolitan Detroit, a member of the Founders Society of the Detroit Institute of Arts and a trustee of the



Andrews

Andrews VP of South Region

Edward C. Andrews is vice president for the K mart Corporation's Southern Region. He is responsible for more than 250 K mart and Kresge stores in nine states and Puerto Rico.

Andrews' responsibility is supervision of store operations in this region. He works closely with his district managers to see that each store manager tailors the merchandise assortments to meet the shopping needs of local customers.

Among other duties, Andrews sees to it that the quality of goods remains high, prices remain low, the K mart Corporation's "satisfaction always" policy is maintained and outstanding leadership ability is recognized within all personnel ranks.

The retail business offers golden opportunities for young people, Andrews believes. "Of course," Andrews said, "the work can be hard, but rewards for those who put in their best efforts come more quickly than in any other field."

Andrews own career is a testimonial to his beliefs. After graduating from the College of William and Mary, he started in the retail business in 1949 in the corporation's management-training program. He served as a store manager, a district manager, regional merchandise manager and assistant regional manager before being elected a vice president in 1972.

Michigan Cancer Foundation.

Teninga has a Bachelor's Degree from the University of Michigan and a MBA from Michigan State University.

K mart Image Constantly Improving

The K mart discount department store of today is a combination of basic principles created before the first K mart opened in 1962 and improvements resulting from more than a decade of experience and research.

The original K mart blueprint emphasized that K mart selling prices must be always competitive. They are still as low as or lower than the selling prices available to K mart customers within any given trading area. Although price tags on K mart merchandise are determined by K mart Corporation International Headquarters in Troy, Mich., each K mart manager is personally responsible for keeping the store competitive. The manager may recommend lower prices, but cannot raise them.

Part of the corporation's effort to give customers quality merchandise was to be a private label program in staple assortments. A strong private label program has developed in such lines as cameras, apparel, domestics, hardware and home improvement. Private label merchandise is manufactured under strict specifications. Every item is laboratory tested to assure quality equal or superior to that of the leading competitive nationally advertised brand and can be placed on K mart counters at a lower price.

An active import program was also specified to improve merchandise quality while maintaining discount prices. K mart buying representatives in European and Asian markets work closely with the home office import department. K mart Corporation buyers frequently travel abroad in search of merchandise and K mart exclusives. All imported merchandise is required to equal or surpass the quality specifications of its domestic counterpart and be available at lower selling prices.

An advertising program was to be

created to gain customers' complete confidence in the integrity and credibility of K mart. The customer who goes to a K mart in response to a newspaper or television advertisement will find advertised items at advertised prices prominently displayed.

The K mart Corporation's traditional "satisfaction always" policy was to be incorporated into the operating standards of every K mart and proclaimed by signs throughout the sales floor. The sincerity of this policy is proved by the ease with which a customer can get a refund or exchange. The K mart service desk is conveniently located at the front of the store where attendants are always available to refund shopper's money, exchange merchandise or credit charge accounts.

One of the final, but perhaps one of the most important, aspects of the original K mart blueprint was that all K marts would be staffed by quality personnel. The people chosen to manage K marts are experienced career managers with proven executive ability and demonstrated qualifications as promotional-minded merchandisers. The strongest possible emphasis is placed on the maintenance of consistently high standards for department heads and salespeople.

Experience and research have added some new dimensions to the original K mart blueprint. For example, Americans today are do-it-yourself enthusiasts. The higher cost of professional help plus its scarcity have made it necessary for home owners to make additions and repairs to their homes themselves. In many stores, K mart caters to their needs with building materials departments.

A new department often dictates a change in store layout — hardware and home improvements have been placed adjacent to building materials, provid-

ing a convenient traffic pattern for the do-it-yourselfers. Kitchen and bathroom displays let quality-minded shoppers see the appearance of finished rooms or sections of rooms.

The allocation of space is continually re-evaluated to meet consumers' current demands. For instance, consumers' interests in photography has resulted in enlarged camera and accessories departments.

Music buffs of all ages are installing stereo tape players in their cars. K marts today offer complete automotive sound centers where shoppers can view and buy a large assortment of tape players and tapes.

Today's shoppers expect merchants to make their shopping and their decisions as easy as possible. To this end, the new K marts display color televisions in carpeted viewing rooms. This helps shoppers visualize how the sets will look in their living rooms.

In many K marts, sports enthusiasts can view camping and hunting equipment in rooms that simulate the outdoors.

Today's K mart grills offer expanded menus and more seating. Booth seats have replaced many tables and chairs to satisfy the preferences of patrons.

New merchandise, new fixturing, new displays, new lighting are constantly being tested. Once they have received customer approval in a few test stores, they are incorporated into stores that are under construction or on the drawing boards.

The exteriors of K marts are also under constant scrutiny by company architects. Often by the time a new store opens aspects of its design are obsolete.

K mart's character was established before the first store opened in 1962 but its personality is constantly developing.



Building Materials Department

Most of the K mart stores, especially the newer ones are now featuring a well-stocked building materials department. These departments feature

a complete line of home improvement materials and supplies at K marts' traditionally discounted prices.